

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (e) Committee on Banking Sector Reforms (Narasimham Committee I) had recommended consolidation in the banking sector as part of wider financial sector reforms. Government is of the view that any proposal for consolidation by way of merger etc. of one public sector bank (PSB) with another PSB should emanate from the concerned banks with Government playing a supportive role as the common shareholder. While supporting any merger proposal, Government will ensure that the interests of the stakeholders and employees of merging banks are adequately protected. Government has not, however, received any such proposal so far.

### **Expansion of RRBs**

787. SHRIMATI SUPRIYA SULE: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to push for expansion of Regional Rural Banks (RRBs) branches while trying to consolidate them for better performance;

(b) if so, whether the intention to pursue an aggressive branch expansion programme for RRB in calendar year 2007; and

(c) whether he has also clarified that there was no proposal to merge RRB with sponsored banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) Yes, Sir.

### **Disinvestment process**

788. SHRIMATI S.G. INDIRA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government propose to bring back the disinvestment process on track;

(b) if so, the details thereof;

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(c) whether it is also a fact that Government have decided to ride piggy back on the initial public offerings of three power sector public enterprises; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (d) On 6th July, 2006, Government decided to keep all disinvestment decisions and proposals on hold, pending further review, which is yet to be completed. Three power companies, viz., Rural Electrification Corporation Limited, Power Grid Corporation of India Limited and National Hydro-electric Power Corporation Limited, propose to make public offerings of equity equal to 10% each of their pre-issue paid-up equity capital. Government would piggy-back with an 'Offer for Sale' of 10%, 5% and 5% respectively out of its shareholding.

#### **Investment of foreign funds in realty sector**

789. SHRI RAHUL BAJAJ: Will the Minister of FINANCE be pleased to state:

(a) whether foreign funds are being allowed to invest in realty in the country; and

(b) whether it is leading to needless inflation of property prices?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) FDI upto 100% is permitted on the automatic route in construction development projects, including housing, commercial premises, resorts, educational institutions, recreational facilities, city and regional level infrastructure, townships subject to conditions notified *vide* Press note 2 (2005 Series) including minimum capitalization requirement and minimum area to be developed. FDI is not permitted in any other Real Estate activity. For investment by NRIs, the conditions mentioned in Press Note 2 (2005 Series) are not applicable. Provisions of Press Note 2 (2005 Series) also do not apply to Special Economic Zones and Establishment and operation of hotels and hospitals.

(b) No, Sir.